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**ESTABLISHING THE PREVAILING RATE****D5.00****Purpose**

To establish uniform criteria for determining and establishing prevailing rate schedules.

**Responsibility**

The Wage & Hour Division is responsible for surveying, determining, compiling, establishing and recording rate information for the prevailing rate schedules for regular, overtime, and premium pay hours.

**Policy**

1. The prevailing rate shall be based on the hourly wage rates and fringe benefit data contained in collective agreements, submitted to the division.
2. Wage and fringe benefit data shall be used only if submitted with a copy of a collective agreement or other similar documentation verifying rate authenticity.
3. The department shall solicit information from bona fide organizations of construction mechanics and their contractor/subcontractors to gather all applicable agreements and addendums.
4. Prevailing rate surveys will not solicit information on journeyman to apprentice ratios and prevailing rate schedules shall not include journeyman to apprentice ratios.
5. The prevailing rate shall include, but is not limited to, the sum of:
  - The hourly wage
  - Vacation pay
  - Holiday pay
  - Health and welfare
  - Pension contributions
  - Supplemental unemployment benefits
  - Apprenticeship contributions
  - Labor management training funds
6. The prevailing rate shall not include:
  - industry advancement or promotion contributions (Appendix I)
  - uniform allowances
  - subsistence allowance
  - reimbursable business expenses
  - per diems
  - parking allowance
  - transportation
7. The prevailing rate shall be computed at straight time, overtime and premium pay rates.

**ESTABLISHING THE PREVAILING RATE**

**D5.00**

8. Commercial journey level prevailing rates shall be determined and published. Road building journey level prevailing rates shall be determined and published. Marine and Rail journey level prevailing rates will be determined when needed for a state project.
9. The department shall respond to requests for re-issuance of rates when requested by a contracting agent **prior to** the advertisement and/or invitation to bid or re-bid a state project.
10. The department shall determine additional prevailing rates for specific classifications requested by a contracting agent **prior to** the advertisement and/or invitation to bid or re-bid a state project.
11. For purposes of establishing the prevailing rates, the area surveyed shall be defined as the smallest geographical unit, locale, or zone covered by a collective agreement.
12. In the absence of current or verifiable wage and fringe benefits data for recognized classifications, the rate shall be determined based on the rates of collective agreements in the nearest locality.

**Application 1 – Steps used to compile rates**

1. Request bona fide organizations of construction mechanics and their contractor/subcontractors to gather any and all wage setting agreements.
2. Review all collective agreements and addendums.
3. Survey information verified by documentation received will be used to establish the prevailing wage rates.

**Application 2**

The following example provides an application of Policy 5 to determine the prevailing rate: This example represents information received from the survey process.

<b>Inside Electrician</b>	<b>June 2, 1997 to May 31, 1998</b>
Base Rate	\$23.34
Vacation (14% of base)	3.27
Pension Defined Benefit	2.33
Pension Direct Contribution	1.17
Health and Welfare	3.35
National Electrical Benefit Fund (NEBF) (3% of base)	.70
Training (1% of base)	.23
School (1% of base)	.23
Labor Management Contribution Fund (LMCF)	.06
Industry Advancement (CIAP)	.10
	\$34.78
<b>TOTAL</b>	<b>\$34.78</b>

Prevailing Wage on State Projects

**ESTABLISHING THE PREVAILING RATE**

**D5.00**

For purposes of determining the prevailing rate for straight time hours, all contributions are added except Construction Industry Advancement Funds (CIAP). The prevailing rate would be \$34.68.

**Application 3**

Fringe benefits described in a CBA are reviewed to determine the calculated overtime and premium rates. For this example only, the following scenario is provided; vacation is 14% of the base rate, pension and health and welfare contributions are set dollar amounts, and the NEBF, training and school contributions are a percentage of the base rate. The time and one half rate would be calculated as follows:

	<b>Straight Time</b>	<b>When calculating time and one half</b>	<b>Time and one half</b>
Base Rate	\$23.34	multiplied by 1.5	\$35.01
Vacation (14% of base)	3.27	14% of 35.01	4.90
Pension Direct Benefit	2.33		2.33
Pension Direct Contribution	1.17		1.17
Health and Welfare	3.35		3.35
NEBF (3% of base)	.70	3% of 35.01	1.05
Training (1% of base)	.23	1% of 35.01	.35
School (1% of base)	.23	1% of 35.01	.35
LMCF	.06		.06
<b>TOTAL</b>	<b>\$34.68</b>		<b>\$48.57</b>

**Application 4**

Some agreements use hours worked and hours paid in provisions relating to certain fringe benefit contributions. Hours worked may mean the same fringe benefit contribution is required whether the hours worked are straight time or overtime. Fringe benefit contributions based on hours paid refers to the conversion of overtime hours to straight time hours and a fringe benefit contribution for each hour paid. For example, 4 hours of time and half overtime equates to 6 hours paid. A fringe benefit contribution for hours paid for 4 double time hours equates to 8 hourly contributions. When both terms are used in collective agreements, their intent should be verified.

**SHEET METAL LOCAL #33**

	<b><u>STRAIGHT TIME</u></b>	<b><u>DOUBLE TIME</u></b>
Base rate	\$26.40	\$52.80
Vacation (hours worked)	1.00	1.00
National pension(hours worked)	2.98	2.98
Pension direct benefit ( <b>hours paid</b> )	1.30	2.60
Pension direct contribution (hours worked)	2.75	2.75
Health and welfare(hours worked)	3.20	3.20
Training(hours worked)	.18	.18
Apprentice fund (hours worked)	.74	.74
Labor Management Contribution Fund (LMCF) (hours worked)	.26	.26
Supplemental Unemployment Benefit Fund (SUB) (hours worked)	<u>.25</u>	<u>.25</u>
<b>Total</b>	<b>\$38.06</b>	<b>\$65.76</b>

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**ISSUING OFFICIAL PREVAILING RATES****D5.01**

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**Purpose**

To establish uniform criteria for issuing official prevailing rate schedules requested by contracting agents.

**Responsibility**

Division staff is responsible for determining if the requestor is a contracting agent. Division staff is responsible for asking contracting agents if they want more than journey level rate schedules. Upon receipt of a request, designated staff are responsible for issuing the official prevailing rate schedules to contracting agents and keeping a log of all official rate schedules issued to contracting agents and a copy of rates on state projects.

**Policy**

1. The department shall issue **official** prevailing rates, which include an issue and expiration date, to **contracting agents only**.
2. The department **shall not** issue **official** prevailing rate schedules to contractors, subcontractors, bidders, and the general public (see Section D5.02).
3. Specific rates for classifications requested by a contracting agent, **before the contract is let out for bid**, shall be added to the official rate schedules (apprenticeship or other classifications).
4. Official rate schedules shall be issued within 7 workdays from the receipt date of the request, except those rates, which must be determined by means of public surveys or public hearings.
5. Official prevailing rate schedules for a project shall be provided to the contracting agent without charge.
6. Official prevailing rate schedules are fixed and apply for the duration of the project.
7. The 'Requirements of P.A. 166' document should be sent with each official rate schedule, (see Appendix E).
8. The rates on the website are for information purposes only.

**ISSUING OFFICIAL PREVAILING RATES****D5.01****Application 1**Rate request

A request received should include all of the following information:

- request date
- whether the requestor is a contracting agent (i.e. school, university or state agency). (if not a contracting agent see section 5.02)
- Name and phone number of the person making the request
- Email address where rate schedule is to be sent
- Contracting agent name
- Project description
- identify state project (i.e. school building, project #, type of work)
- location of the project (i.e. city/township, road etc.)
- County(s) requested
- Rate schedule(s) requested (commercial, road builder, marine, and rail rates)
- Any additional specific classifications needed (i.e. plumber apprentice, journey level classifications not ordinarily included).

**ISSUING PREVAILING RATES – GENERAL INFORMATION****D5.02****Purpose**

To establish uniform criteria for distributing general information prevailing rate schedules requested by non-contracting agents (i.e. contractors, subcontractors, workers and general public).

**Responsibility**

Division staff is responsible for determining if the requestor is a non-contracting agent.

**Policy**

1. Prevailing rates are available for information purposes from the Wage & Hour Division website.
2. The department shall distribute general information prevailing rates to non-contracting agents.
3. No additions shall be made to general information prevailing rate schedules (i.e. additional classifications, rates, issue dates, etc.).
4. The department shall respond to requests for general information prevailing rate schedules from the general public within 14 days.
5. The website rates are not official rates and are for general information only.

**Application****Rate request**

The Division receives a general information request. A general information request received should include all of the following information:

- request date
- whether the requestor is a non-contracting agent (i.e. contractors, subcontractors, bidders, workers, and union representatives). If requestor is a contracting agent see policy 5.01.
- name, address and phone number where rates are to be sent
- county(s) requested
- rate schedule requested (commercial, road builder, marine, and rail rates)